

**MINISTRY OF EDUCATION
AND TRAINING**

**MINISTRY OF FINANCE
ACADEMY OF FINANCE**

NGUYEN THI TUYET

**SOLUTIONS TO IMPROVE THE FINANCIAL CAPACITY
OF LISTED ENTERPRISES IN VIETNAM CONSTRUCTION
INDUSTRY**

MAJOR: BANKING AND FINANCE

CODE: 09.34.02.01

SUMMARY OF DOCTORAL THESIS IN ECONOMICS

HANOI – 2020

The thesis is completed at Academy of Finance

Supervisors : 1. Assos.Prof.Dr. Nguyen Van Tao
 2. Dr. Pham Thi Van Anh

Referee 1:

Referee 2:

Referee 3:

**The thesis will be defended in front of the Thesis Committee
at Academy Level at Academy of Finance**

at..... hour....., date..... month..... year 2020

**The thesis can be found at the National Library and
The library of Academy of Finance**

PREAMBLE

1. The necessity of the thesis

Along with different economic sectors such as agriculture, industry and services, the construction industry is one of the key economic sectors of each country.

The construction industry contributes to creating the premise of material and technical facilities for economic development such as roads, ports, airports, besides the industry also creates products to serve the needs of human life including: adjacent projects, condominiums, villas projects, etc. The construction industry always accounts for a high proportion in the national economic structure, especially in developing countries. The industry contributes to creating jobs for a large part of the labor force, reducing unemployment in the economy. To achieve the above results, it is impossible not to mention the role of construction enterprises, especially construction enterprises listed on Vietnam's stock market.

Listed construction enterprises are the specific businesses because their products often have high value, complex structures and long construction period. Therefore, this is a company with a great demand for capital, a long payback period and a high business risk, depending heavily on weather conditions. In the process of developing the market economy, with fierce competition of domestic and foreign SOEs, SOEs in general and our state-owned enterprises in particular are facing great opportunities and challenges. To stand firm in the market requires each SOE to have strong financial capacity. Improving financial capacity for enterprises in general and listed companies in the construction industry in particular is an urgent requirement in the current integration context. The enhancement of financial capacity will help construction industry enterprises, especially the listed construction enterprises, which can apply modern science and technology, improve working conditions, increase labor productivity, and improve efficiency of business activities, increase the competitiveness of construction enterprises in the current conditions in Vietnam. Recognizing the importance, in recent years, many listed construction enterprises have made great efforts to improve their financial capacity, meeting the requirements of production and business, helping businesses stand firm and develop in the competitive environment. However, due to the new requirements of the development process, many businesses began to reveal weaknesses in financial capacity, not enough capital to undertake large projects. Therefore, improving the financial capacity to increase the efficiency of production and business, maximize business value and

minimize business risks is the key target of enterprises in general and the listed construction enterprises in particular.

In spite of having experienced more than 10 years after the global economic crisis in 2008, its effects still have a strong impact on the production and business activities of enterprises in general and of listed construction enterprises in particular. The construction enterprises face many difficulties as well as pressure on capital, salary, interest, thereby affecting the financial capacity of enterprises. The impact of macroeconomic policies including tightened monetary policy, tightened fiscal policy and a drop in stock market has reduced the ability to access capital as well as increased interest rates, which has eroded the profits of enterprises. In addition to the above objective reasons, the intrinsic weaknesses of the enterprises in the management and administration methods also gradually reduce the financial capacity of the Vietnamese listed construction enterprises.

From the above approaches, based on the inadequacies of financial capacity, it is necessary to have adequate, complete and systematic studies to offer comprehensive, practical solutions to improve the financial capacity of Vietnamese State-owned enterprises in the coming time. Therefore, I chose the topic: "*Solutions to improve the financial capacity of listed enterprises in Vietnamese construction industry*" for my doctoral dissertation.

2. Research objectives

2.1. Research objectives

The purpose of the research is to propose the solutions to improve the financial capacity of listed companies in Vietnamese construction industry.

2.2. Research tasks

For the purposes of the above research, the thesis has the following specific tasks:

Firstly: Systematize and contribute to clarifying the theoretical basis of the financial capacity of enterprises.

Secondly: Analyze and assess the current status of financial capacity of listed companies in Vietnamese construction industry in the period of 2012-2018.

Thirdly: Propose several solutions to improve the financial capacity of listed companies in Vietnamese construction industry.

3. Research subject and scope

Research subject: The research subject is the financial capacity of listed companies in Vietnamese construction industry.

Research scope:

- In terms of space: The dissertation studied 72 listed construction enterprises in the Vietnamese stock market in the research sample.

- In terms of time: Using data, financial statement reports and other reports in the period of 2012 - 2018

- In terms of content: The dissertation studies the issues of financial capacity, general theories and practices on financial capacity, as well as financial solutions to improve financial capacity in the listed construction enterprises in Vietnam.

4. Research Methods

The financial capacity of the listed construction enterprises is put in motion and development. The factors affecting financial capacity are constantly changing, and financial capacity also affects these factors. The methodology throughout the research process of the dissertation is dialectical materialism and historical materialism.

To accomplish the research objectives, the Phd student uses the following research methods:

4.1. Methods of synthesis, analysis, comparison

Methods of calculation and numerical analysis

Based on the collected data, the PhD student conducts the calculation of financial indicators for analysis. Through the system of comparison tables, graphs, the analyzed data are compared to show the movement over time of the criteria to assess the financial capacity of the listed construction enterprises.

The constant use of the method of comparison among business groups, among the years, among the specific businesses shows the evolution of financial capacity of the listed construction enterprises. This helps the research point out the positive effects and negative trends encountered by the listed construction enterprises in the process of production and business. Comparison method is one of the main methods in the dissertation.

Quantitative research method

In order to create more basis for evaluating the financial capacity of Vietnamese listed construction enterprises in the period of 2012-2018, the thesis uses the method of quantitative analysis on panel data - Pooled OLS, FEM, REM, FGLS to verify the impacts of financial capacity to the value of the construction enterprises in the samples.

4.2. Statistical methods

The method of data collection

The dissertation uses secondary data collected at 72 listed construction enterprises on Vietnam's stock market. The author uses many documents of these enterprises, FiiinFro software, final reports of Ministry of Finance, Ministry of Construction, National Library, information portal of securities companies, data of banking system, State Securities Commission, Hanoi Stock Exchange, Ho Chi Minh Stock Exchange, macro-economic data of the General Statistics Office, the General Department of Vietnam Customs, domestic and foreign magazines. Information from these sources is supplementary and collated with information collected from enterprises.

Statistical classification method

The samples of research are 72 listed construction enterprises in the range of 7 years from 2012 to 2018, which have been classified into groups for the research. To ensure the diversity and comprehensiveness the dissertation studies 72 listed construction enterprises covering many fields such as: civil construction, infrastructure construction, industrial construction from the North to the South of Vietnam with different scopes, with different State's capital contributions, and with diverse origins and development history.

- Based on the capital size, the listed constructions enterprises were divided into 3 groups: the enterprises with the size of less than VND 500 billion; the enterprises with the size from VND 500 billion to VND 1000 billion; and the enterprises with the size of over VND 1000 billion.

Based on the nature of the ownership, the enterprises are divided into groups as follows: enterprises with more than 50% of the State capital contribution, enterprises with less than 50% of the State capital contribution, enterprises with no the State capital contribution.

Based on the fields of business, There are 3 groups of the listed construction enterprises: the listed civil construction enterprises, The listed industrial construction enterprises, the listed infrastructure construction enterprises.

5. New contributions of the thesis

5.1. On the theoretical side

Firstly, the thesis systematizes and contributes to clarifying the theoretical basis of the financial capacity of the enterprise;

Secondly, the issues of financial capacity of the enterprise is clarified and explained specifically from the concept, content and criteria for evaluating the financial capacity of the enterprise;

Thirdly, the thesis points out and analyzes the factors affecting the financial capacity of enterprise, including objective and subjective factors;

Fourthly, the experiences in improving the financial capacity of enterprises in some countries in the world has been collected by PhD students, from which lessons can be drawn for Vietnam.

5.2. On the practical side

Firstly, the dissertation has updated the financial capacity of Vietnamese listed construction enterprises in the research period in detail;

Secondly, the econometric model is applied to test the impact of financial capacity on the value of listed construction enterprises in Vietnam.

Thirdly, the thesis has proposed seven solutions based on the real situation of the listed construction enterprises to help enterprises improve their financial capacity.

6. The structure of the thesis

In addition to the introduction, conclusion and reference list and appendix, the thesis consists of 3 chapters as follows:

Chapter 1: Theoretical issues on the financial capacity of the enterprises;

Chapter 2: Current status of financial capacity of listed enterprises in Vietnamese construction industry;

Chapter 3: Solutions to improve the financial capacity of listed enterprises in Vietnamese construction industry.

Chapter 1

THEORETICAL ISSUES ON THE FINANCIAL CAPACITY OF ENTERPRISES

1.1. Overview of the financial capacity of enterprises

1.1.1. Concept of financial capacity of enterprises

Through research, the thesis said that "The financial capacity of an enterprise is the ability to mobilize, manage and use the financial resources of the enterprise in order to achieve the goals set out by the enterprise."

1.1.2. Content of financial capacity of enterprises

Firstly, the financial capacity of enterprises is reflected through the ability of enterprises to mobilize capital.

Secondly, the financial capacity of enterprises is also reflected through the effective management and use of capital of enterprises.

Thirdly, the financial capacity is also shown through the ability to ensure financial security.

Through analyzing the content of financial capacity, the financial capacity of an enterprise can be more fully understood as follows: “The financial capacity of the enterprise is the ability to mobilize, allocate and use financial resources of the enterprise to achieve its goals. The financial capacity of the enterprise is reflected in the ability to mobilize capital, the ability to manage and use capital, and the ability to ensure financial security in production and business activities of the enterprise.

1.1.3. System of criteria to evaluate the financial capacity of enterprises

1.1.3.1. Criteria for evaluating the ability to mobilize capital of enterprises

- a. Capital growth rate
- b. Ability to raise equity
- c. Ability to raise loans

1.1.3.2. Group of criteria for evaluating the management and use of capital of enterprises

- Return on Sales (ROS)
- Break even point (BEP)
- Return on Assets (ROA)
- Return on Equity (ROE)
- Earnings per share (EPS)

1.1.3.3. Group of criteria to evaluate the ability to ensure financial security

- a. Current ratio
- b. Ability to balance finance
- c. Ability to offset losses when there are risks in production and business activities

1.2. Factors affecting the financial capacity of the business

1.2.1. Objective factors

- a. Economic environment factors
- b. Policies and laws of the State
- c. Financial markets and financial intermediaries
- d. Volatility of domestic and international environment
- e. Integration into the regional and world economy
- f. Economic and technical characteristics of the business sector

g. Risk management

1.2.2. Subjective factor group

a. Human resources of businesses

b. Management capacity of business leaders

c. Technological level of the enterprise

d. Property structure

e. Profit distribution policy

f. Reputation of businesses

g. The ability to access capital markets of businesses

h. Enterprise management capacity

1.3. The impact of financial capacity on enterprise value

A company with the capability to manage and use capital effectively and a tendency to increase future profits higher than the current level will attract investors and increase enterprise value. In other words, when determining the value of the enterprise's assets for investment, the investors do not buy those assets, but actually wants to own the income flows that the asset brings to them in the future.

- The financial soundness indicators of enterprises will reduce the risk of investment capital or in other words, investors appreciate relatively safe investment opportunities. On the contrary, the enterprises with low financial security are often associated with the highest risk, especially when the enterprises want to expand, develop or deploy investment projects. Investors pay low prices to achieve a high rate of return that compensates for the level of risk they can take.

- The ability to mobilize and create capital will help enterprises timely grasp investment opportunities in production and business activities in order to maximize profits and minimize the cost of capital, thereby enhancing its position in the market.

Factors associated with financial capacity affect the enterprise value such as enterprise size, self-financing capacity, retained earnings for reinvestment, debt ratio, solvency, profit per share, the age of the enterprise and the consumer price index are selected on the basis of the three contents of the ability to mobilize capital, the ability to manage and use capital and the ability to ensure financial security and previous experimental studies.

1.4. Experience in improving financial capacity of enterprises in some countries around the world and lessons for Vietnamese enterprises

1.4.1. Experience in improving financial capacity of enterprises in several countries around the world

1.4.1.1. Experience in enhancing financial capacity through enhancing corporate capital management

China applied the successful lessons of enterprises in developed countries in capital management, applying some modern management methods such as Kaizen method, target cost method; establishing an internal management system, calculating the fluctuations of the domestic and international business environment to minimize risks.

Thailand and Singapore used modern management methods, setting up a corporate governance department.

1.4.1.2. Experience in improving financial capacity through bad debt handling of businesses

China applied the bankruptcy law to enterprises with larger debt than capital; establishing debt management companies; creating conditions for large enterprises to take over, or banks to convert debts into investment capital or sell debt auctions.

Thailand amended, supplemented, enacted a number of laws, mechanisms and policies and established debt settlement organizations.

South Korea applied the corporate governance model in the style that family members control and classify enterprises according to debt status, establishing debt settlement companies.

1.4.1.3. Experience in improving financial capacity through capital mobilization of businesses

Taiwan established the enterprise management department, establishing funds to finance business and production activities of enterprises, reducing interest rates on loans for the purpose of purchasing machinery, equipment, and technology innovation, developing production and competitiveness, inviting experts to help businesses optimize capital structure and enhance loan conditions.

Korea stepped up the reform of financial mechanisms and institutions, applying an auction system in place of compulsory guarantees on the primary market, simultaneously developing the market for treasury bonds and the market for government bonds.

Japan supported credit and public financial institutions serving manufacturing enterprises such as corporate finance companies, people's finance companies and Shoko chukin banks, which are invested by the government in whole or partially, sponsoring production enterprises to renovate machinery and equipment, supporting long-term working capital to expand and develop production and business.

1.4.2. Lessons learned for Vietnam

(i) To improve the financial capacity of enterprises requires the support from the State

(ii) Promote the attraction of foreign capital through investment promotion activities, clearly attractive policies;

(iii) To improve financial capacity requires the own enterprises' efforts

(iv) To improve financial capacity of enterprises, it is necessary to have a plan to prevent and handle accrued liability in enterprises.

Conclusion of chapter 1

Chapter 1 has studied and systematized all theories of the financial capacity of the enterprise. The research results in Chapter 1 can be detailed as follows:

Firstly, systematize and contribute to clarify the theoretical basis of the financial capacity of the enterprise.

Secondly, the thesis proposes a classification of the evaluation criteria of the enterprise's financial capacity. These criteria are not only inherited previous studies on financial capacity but also supplemented and improved to be suitable with current conditions. Besides, the thesis also studies the subjective and objective factors affecting the financial capacity of enterprises.

Thirdly, the thesis shows the impact of financial capacity on enterprise value.

Fourthly, From the experience of other countries in improving the financial capacity of enterprises, the thesis has drawn lessons in improving financial capacity for Vietnamese enterprises.

The research issues in chapter 1 will be a solid theoretical basis for evaluating the current financial capacity of the listed construction enterprises as well as proposing solutions to improve the financial capacity of listed construction enterprises in the next chapters.

CHAPTER 2 CURRENT SITUATION OF FINANCIAL CAPACITY OF LISTED ENTERPRISES IN VIETNAM CONSTRUCTION INDUSTRY

2.1. An overview of the construction industry and listed construction enterprises on the Vietnamese stock market

2.1.1. An overview of Vietnam's construction industry

As of 2019, Vietnam's construction industry has gone through more than 60 years of establishment and development. Experiencing many fluctuations along with the renovation and development of the country's economy, Vietnam's construction industry also has many changes in size and has obtained many achievements contributing to the development of the country.

Over the past 60 years of continuous development, the construction industry has greatly contributed to the completion of the country's socio-economic tasks, incrementally innovating, developing and integrating regionally and internationally. The achievements have confirmed the role of the Construction Industry in the industrialization and modernization of the country.

2.1.2. Establishment and development process of listed companies in Vietnam's construction industry

2000-2005: This is considered the first stage of the stock market, the launch of the Ho Chi Minh City Stock Exchange on July 20, 2000 marked the birth of the Vietnamese stock market.

2006-2009: The listed construction enterprises in this period can be mentioned: Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII); Post and Telecommunication Investment and Construction Joint Stock Company (PTC); CII Bridges and Roads Investment Joint Stock Company (LGC); Vietnam Electricity Construction Joint Stock Company (VNE); Construction and Investment Joint Stock Company 492 (C92); VNECO 9 Investment and Construction Joint Stock Company (VE9); Vietnam Construction and Import-Export Joint Stock Corporation (VCG); Song Hong Construction Joint Stock Company (ICG); Construction Joint Stock Company No. 9 (VC9) ... Although the number of listed construction enterprises has increased every year, but this number is not big because they have no much understanding about the market, and strict regulations and administrative procedures.

2010 to present: During this period, the dramatic changes in macroeconomic policies aimed at economic stability have affected enterprises in the economy. In this period, Vietnam's stock market has had many adjustments. The number of listed enterprises in this period has increased and fluctuated over the years.

2.1.3. Classification of listed construction enterprises

- Classified by capital scale
- Classified by main areas of activity
- Classified by the state's ownership:

2.1.4. Characteristics of listed construction enterprises

a. Characteristics of the output product of listed construction enterprises

First, construction products are individual, single, complex in structure, with great value.

Second, the output products have a long construction time and depend on the weather.

b. Characteristics of production and business activities of listed construction enterprises

Firstly, the listed construction enterprises accounts for a large amount of capital investment of the whole society.

Secondly, the large listed construction enterprises are mainly state-owned enterprises or originated from the state.

Thirdly, the listed construction enterprises contribute to increasing the Gross Domestic Product.

Fourthly, the main source of capital of the listed construction enterprises is loans from commercial banks.

Fifthly, the listed construction enterprises are strongly influenced by macroeconomic policies.

2.1.5. An overview of the business results of the listed companies on Vietnam's stock market in the 2012 - 2018 period

Firstly, the listed construction enterprises have made profits but their business results are not high, typically in the period of 2012-2013, there are still many enterprises doing business with losses.

Secondly, large-scale enterprises (over 1,000 billion VND), listed construction enterprises with no State capital contribution and listed construction enterprises proved to do business effectively when they have joint after-tax profits. rapidly increasing through the years 2012 - 2018.

Thirdly, profits from other business activities significantly increase the profit after tax for listed construction companies.

2.2. Current situation of financial capacity of listed companies in Vietnam's construction industry

2.2.1. The listed construction enterprises in the research sample

The enterprises selected in the sample satisfy the following criteria:

Firstly, the businesses have main revenue from construction activities. This selection ensures the homogeneity of the sample, allowing for homogeneous comparison and analysis.

Secondly, the businesses have registered offices of production and business spread across the North - Central - South regions to ensure diversity in the research sample.

Thirdly, the businesses have a listing period of 6 years or more and have full information about their financial statements in the research period from 2012 to 2018.

Fourthly, because each enterprise has different capital sizes, fields of operation and state ownership, in order to increase the representativeness in the sample, the author chooses to diversify the listed construction enterprises with different capital size, the fields of operation and the State's capital contribution ratio.

2.2.2. The current status of capital mobilization capacity of listed construction enterprises

2.2.2.1. Scale and rate of capital growth

- In terms of the size of capital
- In terms of ownership
- In terms of business fields

2.2.2.2. Ability to mobilize equity

- Size of equity

Like the average capital of enterprises, the equity size of the enterprises in this period also increased continuously, only in the 2012 - 2013 period there was a slight decrease (down 3.36%). From the average equity of an enterprise was 395,324 million VND in 2012 with the growth rate of the years respectively 9.9% (2014), 16.1% (2015), 18.8% (2016), 9.4% (in 2017) and 6.8% (in 2018), bringing the average equity of the enterprise to 676,276 million VND.

- Self-financing capacity (equity ratio)

Self-financing capacity of Vietnamese construction enterprises in the period of 2012 - 2018 tended to increase slightly, from 27% in 2012 to 30% in 2018, meaning that with 100 VND of capital invested in enterprises' assets, there were 27 VND from equity (2012) to 2018 slightly increased to 30 VND.

+ Using the retained profits for reinvestment: Through a survey of 72 listed companies on the Vietnamese stock market, the rate of retained profit for reinvestment in the 2012 - 2018 period is not stable and different among groups of businesses.

+ Capital mobilization through issuing shares: capital mobilization of the enterprises increased continuously during the reseacg period from

234,240 million VND (2012) to 390,615 million VND (2018) with an increase of 1,67 times.

2.2.2.3. Ability to mobilize debt capital

As can be seen from the research of the listed construction companies, most of the listed companies have very high level of debt usage. The ability to mobilize debt capital of these enterprises has not changed significantly. Of the 100 VND invested in the enterprise's assets, there was 73 VND from debt capital (2012), down to 72 VND (2014), further down to 71 VND in 2015, and stable at 70 VND in the 2016-2018 period. This shows that the listed construction enterprises mainly use debt capital to invest in assets.

In addition, in the liabilities structure of the listed construction enterprises, it is found that the short-term debt ratio of these enterprises is very large, always fluctuates in the range of 74% -80% and tends to be stable throughout the study period. Thus, it can be seen that these enterprises prioritize the use of short-term loans much more than that of long-term loans because this source is easier to access and lower cost. However, to assess whether the sponsorship policy of a company is reasonable and safe or not, it is necessary to go into details in each specific group of enterprises.

In addition to the form of issuing shares or from retained earnings for reinvestment, many companies know how to exploit their capital mobilization potential, such as: mobilizing capital through issuing bonds, borrowing from banks and credit institutions, increasing appropriation and the capital size.

2.2.3. Current status of the capacity to manage and use capital of the listed construction enterprises

- In terms of capital size: the current ratios of the group of listed construction enterprises with capital size of over 1,000 billion VND has the most fluctuations in the whole period of 2012-2018, in the 2012-2013 period, ROA, ROE, ROS indicators are very low and negative values, only BEP in this period reached positive values, but all 4 indicators of this group are the lowest compared to the other groups. In the next 2014-2017 period, these indicators have a remarkable growth rate, by 2017, all 4 criteria will reach high levels and become the top group with ROA, ROE, ROS, BEP which were 4%, 14%, 6% and 5% respectively, on average 2 times higher than the other 2 groups. The remaining groups are enterprises with capital size of 500-1000 billion and capital size of below 500 billion, indicators reflecting profitability with less variation. However, considering the whole

period, the indicators reflecting the profitability of the group of enterprises with capital size of 500 - 1000 billion dong are slightly higher than the group of enterprises with capital size of below VND 500 billion.

- In terms of ownership: through ROA, ROE, ROS, BEP criteria, the group of listed companies in the construction industry without capital contribution of the State is the group with the best efficiency in managing and using capital among the three groups, There are always ROA, ROE, ROS, BEP indicators leading most years, tend to increase in the 2012-2017 period, typically in 2017, the above 4 indicators reached the highest growth rate in the whole research period with the figures of 5%, 17%, 8%, 5% respectively. However, by 2018, these indicators showed signs of a slight decline such as ROA decreased from 5% (2017) to 4% (2018), ROE decreased from 17% (2017) to 12% (in 2018), ROS decreased from 8% (2017) to 6% (in 2018), only BEP remained at 5%. Demonstrating the weakness in the management and use of capital is the group of listed enterprises in the construction industry with more than 50% of capital contributed by the state. That is reflected in the ROA, ROE, ROS, BEP are always at the lowest level among the three groups.

- In terms of business fields: the efficiency of management and capital usage of the group of listed civil construction enterprises is the best among 3 groups. In the period 2012-2017, ROA, ROE, ROS and BEP indicators tended to increase, especially in 2017, reaching the highest value with the ROA of 6%, ROE 19%, BEP of 7%. Particularly, ROS showed signs of decline from 6% in 2016 to 5% in 2017. The group of listed industrial construction enterprises with the lowest current ratio among the 3 groups shows that the efficiency of management and use of capital is very low. In the group of listed infrastructure construction enterprises, the criteria of ROA, ROE, ROS, BEP are less volatile in this period although there is a little bit more than the listed industrial construction enterprises but still at a low level.

- In order to have an assessment on the current ratio of enterprises, in addition to analyzing ROS, BEP, ROA, ROE, it is also necessary to pay attention to the EPS (profit per share), especially for listed companies on the stock exchange. In general, EPS of the listed construction enterprises are positive in the 2012-2018 period, showing that most of the listed construction enterprises can make profits.

2.3. Model of testing the impact of financial capacity on the value of listed construction enterprises

2.3.1. Quantitative research objectives

The goal of using this method is to test the impact of financial capacity on enterprise value to create more bases for assessing financial capacity of listed enterprises in the construction industry and to clearly see the necessity to improve the financial capacity of listed companies in the construction industry, thereby contributing to improving the value of businesses of listed companies in the construction industry - this is an important goal of many managers.

2.3.2. Research data

The data used by the author is secondary data, obtained from FiinPro software, cophieu68.com, cafef.com websites. The author collects data including financial statements of 72 listed construction companies in the period 2012-2018 as a research model. The variables are presented in the form of Panel Data with two dimensions: time dimension (from 2012 to 2018), enterprise dimension (72 enterprises). As such, the data included 504 observations.

2.3.3. Research Methods

The author uses STATA14 software to analyze and select regression models, test and estimate the panel data regression model.

2.3.4. Selection of variables in the research model

a. Dependent variable: enterprise value (M / B)

b. Independent variables:

- Enterprise size (Lsize)

- Self-funding ability (SFA)

- Retained Earnings Ratio (RER)

- Debt ratio: (short-term debt: STDTA; long-term debt: LTDTA)

- Current ratio (CR)

- Earnings per share (EPS)

c. Control variables

- Age of the enterprise (AGE):

- Consumer price index (CPI):

2.3.5. Statistics of variables in the model, research hypothesis and research model

2.3.6. Descriptive statistics of the variables in the model

2.3.7. Select a model to estimate, test and fix the model's defects

a. Multicollinearity test

b. Select model to estimate

c. Check the suitability of the model

2.3.8. Results of regression analysis

Based on the regression results, there are 5 and 6 factors affecting the enterprise value of the listed enterprises in the construction industry in the 2012-2018 period in 2 research models, including: enterprise size, self-financing ability, and the return for reinvestment, earnings per share, consumer price indexes and age of the enterprise. Factors are positively related to the enterprise value: the return earnings ratio (RER); earnings per share (EPS); age of enterprise (AGE); consumer price index (CPI). Factors have a negative relationship with enterprise value: size of the enterprise (Lsize); self-financing ability (SFA);

2.4. Evaluation of the financial capacity of the Social Enterprises in Vietnam in the 2012 - 2018 period

2.4.1. The achievements

Firstly, the ability to mobilize capital of the listed construction enterprises has had a remarkable improvement over the years in terms of both size and method of mobilization.

Secondly, the profitability of some enterprises in recent years has had a positive change.

Thirdly, the current ratio in the enterprises has improved positively over the years.

Fourthly, many enterprises have been aware of setting up annual reserve funds to prevent risks.

2.4.2. The limitations and the causes of the limitations

2.4.2.1. Limitations

Firstly, a number of companies with low capital growth rates, low self-financing and debt mobilization greatly affect the financial capacity of enterprises, meanwhile the capital structure of some enterprises is not reasonable and unsuitable for production and business plans and development strategies of enterprises.

Secondly, the low profitability of a number of enterprises shows low the effectiveness of capital use, weak financial capacity. Besides, the investment projects have not been closely appraised, and the effectiveness of the project is not assured.

Thirdly, the ability to ensure financial security is low

Fourthly, the ability to compensate for losses when risks occur in production and business activities of enterprises has not been given adequate attention.

2.4.2.2. The cause of the limitations

a. Objective reasons

- The infrastructure is still weak
- Some State policies still have many inadequacies
- Adverse effects of natural conditions
- The influence of inflation and exchange rate volatility increases input prices
- The volatile stock market has many potential risks for the listed construction enterprises

b. Subjective reasons

Firstly, some businesses have not paid adequate attention to the creation and mobilization of capital scientifically, while other businesses have not had a specific capital mobilization strategy.

Secondly, some enterprises have not focused on renovating modern equipment, science and technology to improve labor productivity.

Thirdly, some businesses have not focused on the financial analysis of businesses.

Fourthly, the management of cash and cash in equivalents, receivable debts, and inventories is not good.

Fifth, the qualifications and capacity of the workforce in the construction enterprises are limited.

Conclusion of chapter 2

Based on the systematic and clarified theories in chapter 1, chapter 2 focuses on researching the current financial capacity of the listed construction enterprises in the 2012 - 2018 period. Main research results in chapter 2 are as follows:

Firstly, Chapter 2 shows an overview of the entire process of formation and development of the stock market, of the listed construction enterprises in general, the specific characteristics of these enterprises on the Vietnamese stock market. At the same time, chapter 2 generally evaluates the production and business situation of these enterprises in the period of 2012 - 2018.

Secondly, based on the evaluation criteria in Chapter 1, the thesis analyzes the current status of the financial capacity of the enterprises in many aspects such as the ability to create capital sources, the ability to manage and use capital, and the ability to ensure financial security.

Thirdly, on the basis of analyzing the criteria for evaluating financial capacity, the thesis shows the achieved results, the limitations that need to be overcome, and also gives subjective and objective causes of the limitations. This is an important premise to continue researching solutions

to improve financial capacity in the listed construction enterprises in the next sections.

Fourthly, on the theoretical basis of chapter 1, the thesis uses econometric model to test the impact of financial capacity on enterprise value.

CHAPTER 3. SOLUTIONS TO IMPROVE FINANCIAL CAPACITY OF LISTED ENTERPRISES IN VIETNAM CONSTRUCTION INDUSTRY

3.1. Macroeconomic context and development orientation of Vietnam's construction industry

3.1.1. Domestic and international macroeconomic context

3.1.1.1. International economic context

In the context of the world economic slowdown, increasing risk factors and challenges, there are still remnants of the effects of the world economic crisis. The trade war between the two major economies, the US and China, not only affects the economies of the two countries but also affects other countries in the world. In addition, the recent crisis in the Middle East has caused not only great loss of life but also negative and long-term effects on human resources as well as the economic prospects of the countries concerned. In particular, the outbreak of Covid 19 acute respiratory infections in Wuhan city (Hubei province, China) and its rapid spread to other countries has had a strong impact on the Chinese economy and the global economy. .

3.1.1.2. Domestic economic context

These achievements

Vietnam's economic growth: GDP achieved impressive results in 2019 with a growth rate of 7.02%, exceeding the target set by the National Assembly of 6.6-6.8%. Total import-export turnover in 2019 exceeded 500 billion USD.

Inflation: According to calculations by the Ministry of Finance, the consumer price index - CPI in 2019 increased by 2.73%, Thus inflation in 2019 was the lowest in the last 3 years when it was 3.54% and 3.53% in 2018 and 2017 respectively.

These difficulties

Firstly, the economic restructuring and macroeconomic development still have certain limitations and challenges.

Secondly, the issue of increasing labor productivity, growth targets, accelerating disbursement progress of public investment projects, using state capital assets in state-owned enterprises after equitization and

settlement, difficulties of key projects are urgent problems that need solutions to remove.

Thirdly, production and business activities of the business sector are still very limited, the growth is slow, reflecting the unsustainable economy.

Fourthly, Vietnam has to face with financial risks and increasing public debt pressure, especially wage reform.

Fifthly, the exchange rate is not stable.

Sixthly, Due to the impact of Covid 19 pandemic, many economic sectors of Vietnam are heavily affected, including the construction industry.

3.1.2. Development orientation of Vietnam's construction industry

Firstly, Developing the national urban system

Secondly, Building and developing an infrastructure system

Thirdly, Developing human resources in the construction industry

Fourthly, Developing science and technology in the construction industry

3.1.3. Growth prospects for Vietnam's construction industry

Vietnam's construction and infrastructure industry is expected to grow at an average rate of 7.2% per year for the period 2017-2026 according to a report from The Fitch Group Company; increasing the scale of investment capital in the construction enterprises; experiencing the growth in the industrial construction segment and construction of residential areas, buildings, smart apartments.

3.2. The point of view should be thoroughly understood when proposing solutions to improve financial capacity for listed construction enterprises

3.2.1. Developing solutions to improve financial capacity of listed construction enterprises in compliance with legal regulations, business environment and macroeconomic situation in the coming time.

3.2.2. Building solutions to improve the financial capacity of listed construction enterprises must be in line with the development orientation of the industry and of the listed construction enterprise.

3.2.3. Building solutions to improve the financial capacity of listed construction enterprises requires the transparency of all activities of these companies.

3.2.4. Developing solutions to improve financial capacity of listed construction enterprises is in line with production and business characteristics of enterprises.

3.3. Solutions to improve financial capacity of listed enterprises in Vietnam's construction industry

3.2.1. The appropriate capital mobilization for listed construction enterprise

In the coming time, the listed construction enterprises need to diversify the specific capital mobilization forms as follows:

- + In order to increase equity, the listed construction enterprises need to take advantage of the capital from retained earnings to be ready to meet the investment needs.

- + The listed construction enterprises can use the form of issuing additional shares to mobilize a large amount of equity.

- + Raising capital through bond issuance.

- + Increasing capital mobilization through banks and credit institutions.

- + Raising capital through credit channel.

- + Raising capital through financial leasing

- + Attracting foreign investment.

3.2.2. Establishing a reasonable capital structure in line with production and business plans and development orientations of listed construction enterprises

Enterprises need to adjust the appropriate capital structure to improve the payment situation for businesses in the short term and develop sustainably in the long term. In order to build a reasonable capital structure, enterprises must make decisions on financing capital with Liabilities and Equity in the most reasonable way so that the cost of capital use is the lowest while minimizing risks during this period. The calculation of the cost of capital use should be based on the schedules, which monitor the progress of capital use, solvency of investors, financial capacity of enterprises, capital mobilization channel from banks and credit institutions.

In addition, in order to reduce pressure in using loans, the increase in the size of equity for enterprises is a way to increase the inner financial capacity of enterprises, which is the safest anti-risk cushion without causing any burden of heavy loan interest payments for businesses.

3.3.3. Improving the capacity in developing and appraising investment projects appropriately and effectively creates a premise to increase financial capacity of listed construction enterprises

To help business owners have a more complete view of the business itself and propose highly feasible investment options, it is necessary to form a sense of project planning as well as update project-related knowledge.

In addition to the profession and knowledge of the person in charge of making investment projects, in order for the project to be feasible, the business owner needs to pay attention to a number of issues such as: determining the development direction of the enterprises in the coming time; the purpose of the enterprise when setting up the project; potential benefits businesses when implementing the project; output of the project; systems of criteria to evaluate the success and failure of the project; the progress of the project; funding sources for the project; organizing production management, labor and training; analyzing the economic - financial situation of the project; planning revenue and expenditure balance and debt repayment plan.

3.3.4. Making business financial information transparent

Firstly, completing the accounting apparatus of the enterprises

Secondly, hiring an independent auditor to audit the financial statements of the company before publishing.

Thirdly, regularly updating the legal documents and specific instructions on accounting work for listed construction enterprises.

Fourthly, adhering to the consistent principles in financial reports.

3.3.5. Good management of receivables, inventories, cash and cash equivalents in order to improve the solvency of the listed construction enterprises to ensure financial security

The first is good management of receivables.

The second is good management of inventories.

The third is managing cash and cash equivalents.

3.3.6. Strengthening measures to prevent risks in production and business activities of listed construction enterprises

- Economic risks: The enterprises must regularly monitor the macroeconomic situation in order to promptly detect and take measures to prevent risks affecting their production and business activities.

- Legal risks: Enterprises need to proactively update constantly the changes of new legal regulations in the business sector, as well as other legal documents governing the operation of enterprises, thereby developing appropriate development strategies, minimizing negative impacts, ensuring the business activities to be carried out smoothly, maintaining the stability of business activities of enterprises.

- Interest rate risks: The enterprises should create and maintain a close relationship with the system of commercial banks to gain competitive interest rates, proactively limit working capital by accelerating inventory turnover through more accurate forecasting of inventory and required

materials, promote direct payment sales to reduce the number of days per turnover of receivables, increase the number of days per payables turnover. For long-term loans for development investment, efforts should be made to coordinate construction progress and disbursement progress to increase the operational level of loans.

- Exchange rate risks: The enterprises should take advantage of their capacity to exploit available raw materials, thereby reducing the proportion of imported raw materials, and the enterprises need to actively build plans to import and reserve foreign currencies to support this activity. Good relationships with banks and other credit institutions also help to ensure the supply of foreign currency when needed.

- Risks of capital, payment and debt recovery: The enterprises need to use tools to minimize risks such as making provisions at enterprises and using derivative tools.

- Project implementation progress risks: The enterprises should actively control the progress of their projects. In addition, projects need implementation overlap so that the business plan as well as the speed of capital turnover are less dependent on individual projects.

- Other risks: The enterprises should buy insurance, promulgate regulations and regulations on occupational safety.

3.3.7. Training the workforce and improving the skills of workers.

3.4. Conditions for implementing the solution

Conclusion of chapter 3

Based on theory and assessment of the current status of financial capacity of listed construction enterprises, the author has pointed out the achieved results and the limitations that need to be overcome in the production and business process. Combined with pointing out the cause of the limitations in chapter 3, the thesis has performed the following tasks:

First, analyze the world economic situation as well as the macroeconomic situation of Vietnam, thereby chapter 3 points out the impacts of the world economy and the domestic economy on the financial capacity of listed construction firms. Besides, Chapter 3 also gives direction and development prospects of the construction industry in the coming years.

Secondly, the thesis presents solutions to improve the financial capacity of the listed construction enterprises, which consist of a system of 8 important solutions such as: design appropriate capital mobilization strategies and appropriate capital structure; enhance the capacity of listed construction enterprises in developing and appraising investment projects

rationally and effectively; reduce the cost of using loans, increase the size of equity; improve the transparency of corporate financial information; well manage receivables, inventories, cash and cash equivalents in order to improve current ratio; strengthen risk prevention measures; train and foster the workforce and the skills of workers, propose the solutions to link the subjects together to maximize benefits, thereby improving financial capacity for the listed construction enterprises.

Thirdly, in order for the solutions to be implemented scientifically and effectively, the thesis proposes recommendations to the State to create a clear legal environment, a stable and favorable policy system, creating favorable conditions for businesses in general and the listed construction enterprises in particular to improve their financial capacity.

The synchronous implementation of the above solutions and recommendations will contribute to enhancing the competitiveness of the listed construction enterprises to help them develop and expand market share step by step to participate in major projects domestically and internationally.

CONCLUSION

The construction industry in general and the listed construction enterprises on the Vietnamese stock market in particular play an important role in the country's economic development. Every year, the proportion of GDP contribution of these enterprises accounts for a large proportion, creating jobs for a large number of employees and creating high added value for the economy.

In recent years, along with the fluctuations of the macro economy and the real estate market, the listed construction enterprises have also faced many difficulties in the process of production and business activities such as low capital mobilization capacity, the high debt, low current ratio, risky - potential business activities, leading to low financial capacity of the State-owned enterprises.

Through researching the current status of financial capacity of the listed construction enterprises in Vietnam, the following conclusions can be drawn:

Firstly, the thesis has systematized and clarified further theories of the financial capacity such as the concept, classification of assessment criteria of enterprise financial capacity, objective and subjective factors. to the enterprise financial capacity.

Secondly, the thesis has studied the experience of some countries on improving enterprise financial capacity including Japan, Korea, Thailand,

Singapore, China and Taiwan. Based on that, the thesis draw some lessons for Vietnamese enterprises in general and for the listed construction enterprises in particular to improve their financial capacity.

Thirdly, through the aggregation of enterprises in the research sample and qualitative and quantitative research methods, the thesis has analyzed and assessed in detail the current status of financial capacity of the listed construction enterprises in the period of 2012 - 2018. The thesis shows the achieved results, limitations and their causes with scientific-based analysis and highly reliable data.

Fourthly, the thesis uses econometric model to analyze the impacts of financial capacity on enterprise value.

Fifthly, based on the principles of conceptual perception in proposing solutions, the thesis has proposed numerous solutions to improve the financial capacity of specific construction enterprises. They are the appropriate solutions to set up capital mobilization strategies for the listed construction enterprises, reasonable capital structure in line with the production and business plan and development orientation of the enterprises, improving the capacity to formulate and appraise investment projects to create a premise to increase the financial capacity, reducing the cost of using loans, increasing the scale of equity, improving transparency of corporate financial information; well managing receivables, inventory, and cash and cash equivalents in order to improve the solvency of the enterprises to ensure financial security, strengthening risk prevention measures in production and business activities, training and fostering labor force and improving skills of workers.

Sixthly, the thesis also gives some recommendations for the State.

The research topic is a current research for Vietnam in both theoretical and practical perspectives. Although there have been many efforts in the research, due to time constraints and fluctuations of the macroeconomic situation, the thesis cannot avoid certain errors.

The author hopes to receive comments and suggestions from scientists for the thesis to be more complete.

LIST OF PUBLISHED WORKS RELATED TO THE STUDY'S THESIS

1. Nguyen Thi Tuyet (2018), "The ability to finance and mobilize debt capital to the financial capacity of Vietnamese listed construction enterprises", SEDBM2018 (1266), ISBN 978-090-08-2207- 0

2. Nguyen Thi Tuyet (2019), "System of criteria for evaluating corporate financial capacity", Journal of Finance & Accounting reseach, No. 6 (106).

3. Nguyen Thi Tuyet (2019), "Solvency of enterprises - Perspective from listed listed construction enterprises in Vietnam", Journal of Finance & Accounting reseach, No. 7 (35).

4. Nguyen Thi Tuyet (2019), "The impact of financial capacity on enterprise value - Research at listed construction enterprises in Vietnam", Journal of Finance & Accounting reseach, No. 12 (37).

5. Nguyen Thi Tuyet (2019), "Mobilizing financial resources for the new rural construction program", SEDBM 2019, volume 2 (286), ISBN 978-604-79-2272-7.